



REPORT TO:	Governance and Audit Committee
DATE:	Thursday, 22 September 2022
SUBJECT:	Unaudited financial statements 2021/2022 including Narrative Report and Annual Governance Statement
PURPOSE:	To present the unaudited Financial Statements including Narrative Report and Draft Annual Governance Statement for the Committee's review, in line with best practice
KEY DECISION:	<i>N</i>
PORTFOLIO HOLDER:	Portfolio Holder for Finance, Commercialisation & Partnerships
REPORT OF:	Christine Marshall, Deputy Chief Executive Corporate Development
REPORT AUTHOR:	Samantha Knowles, Eleanor Stacey
WARD(S) AFFECTED:	<i>N/A</i>
EXEMPT REPORT?	<i>N</i>

SUMMARY

This report asks that the Governance and Audit Committee review and consider the unaudited Financial Statements 2021/22 including the Annual Governance Statement.

RECOMMENDATIONS

It is recommended that as part of its governance role, the Governance and Audit Committee considers the Unaudited Financial Statements 2021/22 including the Annual Governance Statement (Appendix A).

REASONS FOR RECOMMENDATIONS

To comply with best practice.

OTHER OPTIONS CONSIDERED

None.

1. BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require that
- The Responsible Finance Officer (Section 151 Officer) signs the unaudited Financial Statements no later than 31 May each year; and
 - The Financial Statements be considered and approved by a committee of the Council no later than 31 July each year.
- 1.2 However, due to the Coronavirus Pandemic the regulations have been amended for 2021/22 - Accounts and Audit (Coronavirus) Amendments Regulation 2020 (SI 2021/263). The amended regulations require that
- The Responsible Financial Officer (Section 151 Officer) signs the unaudited Financial Statements no later than 31 July 2022 and
 - The Financial Statements including Annual Governance Statement be considered and approved by a committee of the Council no later than 30 September 2022.
- 1.3 To continue the Council's good practice, this report presents the unaudited Financial Statements including Annual Governance Statement to the Committee to enable comments and challenge, and to highlight any key areas.

2. REPORT

- 2.1 The Financial Statements production is complete, and shown at Appendix A is the unaudited version of the 2021/22 Financial Statements (this includes the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, and Balance Sheet as at 31 March 2022, along with the Annual Governance Statement).
- 2.2 The timescales involved with the approval, inspection and audit of the Council's Financial Statements for 2021/22 are:
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|---|-------------------|
| • S151 Officer signed Statements | 30 July 2022 |
| • Accounts available for Public inspection from | 31 July 2022 |
| • Audit by Ernst and Young commences | 12 September 2022 |
| • Unaudited Financial Statements to Committee | 22 September 2022 |
| • Financial Statements approved by Committee | To be confirmed |
| • Auditor's opinion on Statements issued by | To be confirmed |
- 2.3 The Accounts have been prepared in accordance with the Code of Practice and the Council's accounting policies, which were brought to the Committee in March 2022.
- 2.4 The draft Annual Governance Statement is presented within the unaudited Financial Statements.
- 2.5 The net worth of the Council, as shown in the Balance Sheet, increased by £25.900m and this is also reflected in the Comprehensive Income and Expenditure Statement. The main reasons are set out in paragraph 2.6.

2.6 The major changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference, are:

- An increase of £10.9m in Property, Plant and Equipment due to increases in asset valuations at year end.
- A decrease of £1.3m in Short-term Debtors, partly due to the accounting entries associated with the resulting deficits on the Council Tax and Business Rates Collection Fund at 31 March 2022. The debtor balances are the net positions attributable from Lincolnshire County Council, Lincolnshire Police Authority and Central Government on the Collection Fund.
- An increase of £3.3m in Short Term Investments and Cash and Cash Equivalents due to increased cash received in 2021/22 relating to government grants to be utilised in 2022/23.
- The Actuary's assessment of the Council's net Pension Liability decreased by £9.7m, as a result of changes in demographic and financial assumptions.

2.7 SHDC's 24% share of PSPS Ltd has been consolidated into these unaudited Financial Statements for 2021/22, with the prior year position continuing to reflect their 37% ownership.

3. CONCLUSION

3.1 The Committee are asked to review and consider the unaudited Financial Statements 2021/22 including the Annual Governance Statement prior to approval by the S151 Officer for publishing.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 N/A

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

5.1.1 None

5.2 CORPORATE PRIORITIES

5.2.1 None

5.3 STAFFING

5.3.1 None

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.4.1 None

5.5 DATA PROTECTION

5.5.1 None

5.6 FINANCIAL

5.6.1 As contained in the unaudited Financial Statements at Appendix A.

5.7 RISK MANAGEMENT

5.7.1 None

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

5.8.1 No consultation undertaken.

5.9 REPUTATION

5.9.1 None

5.10 CONTRACTS

5.10.1 None

5.11 CRIME AND DISORDER

5.11.1 None

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 None

5.13 HEALTH AND WELL BEING

5.13.1 None

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None

5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

None

6. ACRONYMS

6.1 None

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Unaudited Financial Statements 2021/22
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BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
CIPFA Accounting Code of Practice 2021/22	Available from the Financial Services Department

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body
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REPORT APPROVAL

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Signed off by:	Deputy Chief Executive - Corporate Development (S151) Christine.marshall@sholland.gov.uk
Approved for publication:	Portfolio Holder for Finance, Commercialisation & Partnerships